



CITY OF SCOTTSDALE

STATE OF THE CITY ADDRESS FEBRUARY 12, 2003

THE HONORABLE MARY MANROSS, MAYOR

Just a few weeks ago, our new Governor stood before the Arizona Legislature and delivered an honest and sobering assessment of the state of our state. Governor Napolitano called for unity to bring Arizona through the current budget crisis and address our state's long-term challenges.

The Governor found immense promise, even in the challenging times ahead. She saw "the opportunity for us to build the most vibrant Arizona we have ever known."

I, too, see a very bright future for this state, this region, and especially this city.

To be precise, I see a bright future for our state and region *because* of this city. I believe Scottsdale in the 21st century will be the model for other cities wrestling with similar issues – building a sustainable economy in the new global marketplace, balancing the costs and reach of government with the needs of the citizens, revitalizing and bringing new investment into older areas and protecting our environment and open space. I am committed to bringing our combined experience, leadership and energy to bear not just on Scottsdale, but to assist the region and state in solving today's complex, inter-connected issues which affect us all.

Scottsdale has the key to progress; a key used wisely in the past, and ever more valuable as our challenges have become more complex.

That key is a common purpose. Scottsdale is a city of collective genius. We're at our best when we have an honest and passionate debate and find that common vision -- when we realize, as Thomas Jefferson said, that "a difference of opinion is not a difference of principle." We did that when we built the Indian Bend Wash, developed a model code to protect environmentally sensitive lands, required residential fire sprinklers, and set out to protect a third of our city as a natural preserve. And we need to have that common vision today!

The state of our city is strong, even in these tough times. Tonight, I will tell you why. We have a bold strategy to position this city for *sustainable* prosperity! I will discuss the steps needed to make it a reality.

We will continue to lay the economic foundation for Scottsdale's quality of life -- a benchmark for cities throughout the state and across the country. We will continue to use our collective

genius to find the best ways to balance our budget, revitalize mature business areas and neighborhoods, attract leading edge businesses to Scottsdale, provide the best possible police, fire and emergency medical services, enhance our transportation system and protect our unparalleled environment.

We can do these things, because we know the importance of finding common ground.

I moved this year's State of the City speech to the City Hall Kiva because this place is Scottsdale's most compelling symbol of common ground. *We're standing on it.* This is the place where, week after week, we do the hard work of sifting through the facts, weighing alternative courses of action, finding compromises, making decisions and moving forward as a community.

Evidence of our commitment to community is abundant. Let me give you three noteworthy examples:

The first is the Scottsdale Jaycees. In many ways, these men and women have really been responsible for keeping the West in "The West's Most Western Town." In the last two weeks, they staged the 50th Parada del Sol, celebrating the West with gunfights, a Pony Express ride, a dance, a rodeo and the longest horse drawn parade in the country, which drew nearly 125,000 spectators this year.

The Parada is their signature event, but the Jaycees do much more. They're always ready to help. Last summer, they gathered supplies for victims of the Rodeo and Chedisky fires. When the terrible events of 9/11 occurred, the Jaycees were the first to come to me with the idea for a community vigil. Only two days after the tragedy, we held a very moving commemoration in our baseball stadium, attended by nearly a thousand residents. To express our solidarity with the victims' families, we asked people to sign two huge banners destined for New York City and the Pentagon. The banners read: "Our hearts are with you, Scottsdale, Arizona."

The Washington Post reported that the First Lady and spouses of the Cabinet members visited the Pentagon specifically to view Scottsdale's banner and similar expressions of support. I had the opportunity in March to visit the Pentagon and see our banner. I was profoundly moved by the reception from Pentagon officials and workers. People came up to me with tears in their eyes, expressing astonishment that a city so far away shared the pain of their loss. The Jaycees' idea helped to unite us as a community, and it also helped, in a small but powerful way, to unite us as a nation.

An empty seat in the front row symbolizes my second example of commitment to community. It is for a guest whose absence reminds us of the dedicated people who protect us. That empty seat is in honor of Sergeant Tom Hontz of the Scottsdale Police Department. Sergeant Hontz served our community for nearly 25 years, and was a key figure in forming our SWAT team. He had a reputation throughout the Valley and the country as a SWAT operations expert. February 20th will mark the first anniversary of Sergeant Hontz's death in a tragic accident during a SWAT team training mission. He was the first Scottsdale police officer to die in the line of duty.

Tonight we salute Sgt. Tom Hontz, and we offer our gratitude to his family for all he did for this community. I do believe Tom's spirit is with us here tonight.

I want to recognize another group whose interest in government bodes well for our future. Tonight the members of the Mayor's Youth Council are with us. They represent every high school in our community. I have found their enthusiasm, commitment and dedication to be a real inspiration. They represent our future leaders. Trust me: we are in great hands.

Would the members of the Mayor's Youth Council please stand so you can be recognized?

On March 11, you will have another opportunity to show your support for the youth of our community in the Special Election being held by the Scottsdale School District.

The state of our city is strong because we have such compelling examples of a common purpose and a commitment to community. However, like cities all across this state and this country, we face some hard choices in the coming months and years.

Our country is in the midst of a severe economic slowdown. Over the past two years, 2.7 million Americans have lost their jobs. In the months of November and December alone, an additional 190,000 people were laid off. Some of you watching this speech tonight may have experienced this personally. The current economic uncertainty has eroded consumer confidence. The stock market has experienced three consecutive years of decline -- something we have not seen in more than a generation.

Since our country was attacked by terrorists on 9/11, business and leisure travel have been curtailed, impacting the hospitality industry here and across the nation. The brave men and women of our military are deployed around the world in the war against terrorism. We are on the threshold of war with Iraq. To put it bluntly, these are difficult times for all Americans. The need for unity has never been more important.

We are all in this together and we will prevail!

While none of us relishes hard times or tough choices, I believe our citizens have good reason to be optimistic about the way their community responds to both. Scottsdale has always emerged from such times a stronger, better, more unified city.

We have been able to rise above our own narrow self-interests. We have remembered, time and time again, that we are one community. We must maintain this mindset as we address the following issues in the coming year:

- Economic vitality, reinvestment and revitalization
- The environment and quality of life
- Neighborhoods
- Transportation
- Public safety
- Governance
- The city budget

These are seven of the key issues we face in 2003. The main question I am posing to my fellow citizens is not "can we resolve these issues?" but "how will we resolve them *together in a true spirit of partnership?*"

I will work to forge agreements with my colleagues, finding common ground, drawing people together and doing so with short- and long-term consequences in mind. I am confident in our ability to meet these challenges successfully.

ECONOMIC VITALITY AND REVITALIZATION

As Mayor, economic development, revitalization, and reinvestment are among my top priorities. A strong local economy generates revenues to support our services and our wonderful quality of life. While we still have much to do, the substantial progress we are making and the investment of hundreds of millions of dollars taking place in Scottsdale today, will help to secure our economy and our future.

With all the talk about deficits and economic slowdown in every area of our nation's economy, it is important to put things in perspective. That is what I intend to do tonight!

The hard work of positioning our community for the future goes on each and every day.

SUCCESS STORIES

Let me give you some outstanding examples of economic success stories happening right now.

THE AIRPARK

The first is the Scottsdale Airpark. It is proof positive that our community can generate solid economic growth even in challenging times. Other cities across the nation are facing plant shutdowns and severe job cutbacks. By contrast, the experts who track the Scottsdale Airpark report that we attracted 191 new firms this past year.

The Airpark has become one of the three largest employment centers in the Valley. And it is attracting quality firms. In November, DHL Worldwide Express opened its \$35 million North American Data Center with 400 highly skilled employees. DHL chose Scottsdale because of our pool of high tech talent and Scottsdale's ability to cut red tape to speed completion of the new facility. DHL has near-term plans that include additional investment and expansion.

Our care and nurturing of the Airpark is paying great dividends and helping to expand our economic base!

101 AND SCOTTSDALE

A second success story is the 160-acre Stacked 40's development and the Crossroads East project on 1,000 acres of state-owned land at the Loop 101 and Scottsdale Road. These projects, approved unanimously by the City Council, demonstrate our ability to strengthen our economy, while maintaining our commitment to the environment and neighborhoods.

Not long ago, Scottsdale was criticized for exercising caution as Phoenix appeared to be racing to develop its side of Scottsdale Road. We took the time to work with the State Land Department and DMB, a quality developer, to forge an integrated plan for streets and other infrastructure. The plan will ensure the transportation system is in place to serve development as it occurs. These developments will include major retailers, high-end auto dealers, mixed use retail, office and residential development. They will be master planned to ensure architectural beauty, ease of use, safe traffic flows and minimum impact on surrounding neighborhoods.

Today it is clear that our strategy was correct. This development will be the “crown jewel,” setting the tone for future development in the area and providing economic growth for years to come.

This is another example of what can be accomplished when we all pull together.

MEDICAL CENTER AND CANCER STUDY SITE

A third area of success is the result of community foresight and commitment. Years ago, Scottsdale identified the health care industry as a future cornerstone of our economy. Today, Scottsdale has become a center for medical research and treatment. Medicine is a key sector of our economy. Scottsdale Healthcare and the Mayo Clinic are among our major employers.

We are fast becoming a major center for cancer care and research and Shea Boulevard now links some of the most prestigious cancer programs in the country.

The New Therapeutics Program at the brand new Virginia G. Piper Cancer Center is classified as a “comprehensive cancer center,” the National Cancer Institute’s highest distinction. Down the road, the Mayo Clinic in Scottsdale also has the same designation.

The International Genomics Consortium sited its very first key research program, the Gene Expression Project for Oncology, in the Piper Cancer Center’s research building, where three more floors are slated for Arizona Cancer Center Projects.

As planned, Scottsdale is emerging as a regional and national center for medicine.

These success stories illustrate why I believe our continuing economic vitality efforts in other areas will also produce excellent results.

THREE SUCCESSES IN THE MAKING

DOWNTOWN

The first is the downtown. We have much yet to do, but evidence of a long-sought renaissance in downtown is everywhere. Just consider the Galleria, which had been dormant for almost a decade -- talk about bringing people downtown! Today, 1,000 people are working and learning in the Galleria’s new offices and at its prestigious culinary school.

There are many other examples, such as the Loloma redevelopment project, which will bring housing, retail and a museum downtown. Planning and construction continues on the renovation of the historic Valley Ho Resort. The aptly named Scottsdale Renaissance has opened across from Scottsdale Fashion Square. The Third Avenue Lofts are under construction and the

Scottsdale Riverwalk Square at the site of the former Safari Resort is moving forward. Scottsdale Healthcare is doubling the size of its trauma center at the Osborn campus. Downtown is moving in the right direction.

The city, businesses and the community joined forces last year to change a state law that was seen as an impediment to downtown revitalization. Last year at this time, I asked for your support. Concerned citizens came with us to the Capitol to support our case and the bill passed. Thanks for your involvement.

We followed up that success with a unanimous vote by the City Council to remove the redevelopment district designation from the core of our downtown!

We are doing more. This past month we took the unprecedented step of authorizing a program to waive fees in five development categories, from building permits to engineering permits, in the downtown. We are serious about encouraging continued investment in downtown!

Last year, I also called for a streamlined plan review and permit process that maintains Scottsdale's high development standards. The idea received a great deal of citizen input. Today, I am proud to say this program is in place and helping our downtown businesses make the upgrades they need to succeed.

To preserve the history of the area, we recently designated several downtown commercial buildings as historic structures. Our downtown maintains its charm, uniqueness and attraction because we have preserved much of our past and will continue to do so. We added a little more charm this year with light displays starting during the holiday season and lasting through the end of March. The lights have been a great addition to downtown this year and we hope to expand the program in coming years.

We are also addressing the parking issue in downtown. Thanks to Council action, two new parking structures and additional surface parking are on the way!

I look forward to two other, very significant, events in 2003.

For 20 years, there has been talk of the remarkable potential for turning the Arizona Canal Bank into a downtown centerpiece. In 2003, we are bringing the Canal Bank dream to life. By this summer, you will see work started on landscaping the canal banks and building bridges. This project will be a gathering place for residents and visitors. It will be one of many catalysts for additional investment and revitalization.

For many years we have looked forward to development of the acreage on the southwest corner of Camelback and Scottsdale Roads, known as the Scottsdale Waterfront. Today, we have the opportunity to make it a reality! Developers have presented plans for a \$175 million project consisting of about one million square feet of residences, offices and retail businesses. I call upon all parties and residents to help us reach compromises and common ground to move the project forward. It has the potential to transform that area and energize our downtown economy.

MCDOWELL ROAD

With the level of new development and reinvestment taking place within our downtown and throughout Scottsdale, we are continually seeking new ways to bring life to our older areas of Scottsdale. McDowell Road is alive with new investment. Bill Heard is expanding its auto dealership, Republic West is constructing a new corporate headquarters and the city will begin construction of a new senior center at the former Smitty's site. We are currently in negotiations concerning the residential and retail components to be built adjacent to the Senior Center and theater. As you know, I strongly supported the senior housing component and will work to achieve a plan which is compatible with the Senior Center." The outcome of the negotiations will be brought before the Council for review.

We are moving forward, as well, on a facelift for McDowell Road. We have earmarked \$5 million for the enhancement of the landscape, sidewalks, medians and pedestrian amenities along this important commercial corridor from Pima Road to 64th Street. Our commitment to this area is strong!

It is time for the Los Arcos site to move forward as well!!!

Lately you have heard Councilwoman Lukas and I speak out in favor of a proposal to invite development plans for Los Arcos from the development community. The Council next week will discuss issuing a "request for proposals" – an RFP -- from developers. This could provide a good way for the city to test the market for the redevelopment of the site. There are no guarantees. But we must keep pushing forward. We will not accept the status quo!!

The encouraging news is that the level of communication has been increasing in recent days. In fact, we met again yesterday and will meet again later this week. We have been in direct talks with Mr. Ellman and are encouraging him to deliver a new proposal, which reflects the needs of the community and the neighbors. I am encouraged. I hope these new talks are successful. It is time to move forward!

This difficult situation reminds me that we are continually faced by great opportunities brilliantly disguised as insoluble problems.

We must not, however, limit our long-term vision only to the Los Arcos property. I believe the Scottsdale Road corridor stretching from our downtown to Arizona State University represents some of the best opportunities for quality reinvestment in the region. Our future focus must be to create an environment to encourage the migration of entrepreneurs, knowledge workers, artists and new technology to this area. We should take advantage of our close proximity to ASU to find ways to help create this synergy in the more mature part of Scottsdale.

TOURISM

The final component of our economic success lies in tourism. The industry has shaped our history, our economy, even our lifestyle. It faces new challenges today, and we are meeting them with new steps to strengthen and broaden our base of potential visitors.

One of our most significant moves this past year – one of my top priorities -- was to secure a long-term deal with the Fiesta Bowl. We were successful! Scottsdale hotels will host three of the four teams attending the Fiesta and Insight.com bowls. The Scottsdale Convention and Visitors Bureau will be the exclusive booking agent listed by the Fiesta Bowl and Scottsdale will figure

prominently in the event's promotions and advertising. The two bowls will contribute between \$14 million and \$24 million each year to the local economy. That's a tremendous boost to resorts, hotels, restaurants and all businesses.

A second bold step taken this past year on behalf of tourism, is the \$800,000 investment in Culture Quest Scottsdale, a new program coordinated jointly by the Scottsdale Convention and Visitors Bureau and the Scottsdale Cultural Council. The goal is to boost the city's status as one of the most important art and culture centers in the country. Our own residents are also taking advantage of the tours, concerts and activities offered by Culture Quest Scottsdale. This initiative complements our reputation for a beautiful environment, sunshine, great hotels, galleries, restaurants and nightspots, our standing as the 1 location in the country for golf and our reputation for world class events, such as the Barrett Jackson Auto Auction, the All-Arabian Horse show and of course, the Phoenix Open.

We are also supporting tourism by promoting more public access to the works of an architectural icon. The city has agreed to support renovations and expanded marketing of Taliesin West, the home of the Frank Lloyd Wright School of Architecture. The money will restore the Wright living quarters so they can be opened to the public for the first time and fund construction of a visitors area and expansion of the bookstore. A final component is a Taliesin West information and exhibit center downtown. The city's investment could boost visits to Taliesin by as much as 50 percent.

As Mayor, I have been privileged to work closely with Taliesin West and the McDowell Sonoran Land Trust, organizations that represent two of our most valuable community assets. For the first time, we are bringing the two organizations together to produce an annual event to raise corporate contributions. These contributions will help provide much-needed support for these two important community assets. I am pleased to report that we are getting an excellent response from the business community and I encourage all companies to step up to the plate and join with us in this effort. In last year's State of the City, I quoted Frank Lloyd Wright's sage advice to invest in beauty. This year, I'm offering you the chance to do just that! Call my office and I'll tell you how to contribute!

THE ENVIRONMENT

Wright's advice is also the perfect segue from economics to the environment. The McDowell Mountains and Sonoran Desert are to Scottsdale what the Grand Canyon is to Arizona. They are a treasure for all residents, visitors and future generations. Our community's goal of preserving over one-third of our land in natural open space continues to move forward as we acquire additional acreage each year.

We are making progress on another aspect of our program, our efforts to incorporate thousands of acres of state lands into the preserve. Community support in 2001 convinced the State Land Department to designate over 13,000 acres as suitable for preservation, the largest such designation in state history.

This past year, with your support, the city officially designated those 13,000-plus acres as open space in our General Plan. This plan is recognized by the state as the guiding document for future development. This accomplishment is monumental! I want to thank citizens throughout

Scottsdale for your ongoing support for the McDowell Sonoran Preserve. We are creating a legacy for generations to come.

As the economy begins to improve, we will also need to determine what future funding mechanisms will allow us to effectively complete our State Lands purchases.

Another environmental milestone in 2002 was the long-awaited opening of the new Pinnacle Peak Park in April. The park is really a delight for all ages and views from the peak trail are stunning. If you haven't visited, go see it. There's no better way to deepen your love for Scottsdale and our environment.

Soon the Council will also consider an updated trails plan to link crucial segments of our extensive trails system. The trails system is a key component of Scottsdale's quality of life, allowing citizens from across the city to enjoy the beauty of our public parks and desert areas.

NEIGHBORHOODS

While we work to protect our environment, we are enhancing our neighborhoods. Neighborhood preservation is one of our core values. Last year, we revamped our property maintenance code to make it easier for zoning inspectors to identify code violations and to streamline the hearing process. The changes will help clean up unkempt and blighted properties.

We tackled a long-simmering neighborhood issue just last month. For 15 years, the Council has wrestled with the issue of front yard parking and its impact on neighborhoods. The Council moved forward this year by passing an ordinance that limits the percentage of a front yard that can be used for vehicle parking. The ordinance required compromise on all sides, and I am pleased we succeeded in taking action.

I look forward to taking action, as well, on other neighborhood issues. The Council will take a final vote, in March to site a new Aquatics Center. To me, it makes sense to integrate community facilities and schools in close proximity to neighborhoods.

TRANSPORTATION

We are facing some new issues in the transportation arena. Scottsdale's transportation system reached a milestone last April, when ADOT opened the last leg of the Pima Freeway between Scottsdale Road and Princess Drive. The opening of the 101 has helped to relieve congestion on Frank Lloyd Wright Boulevard and other streets.

We have also continued efforts to upgrade our computerized signal timing system and install more video monitors at crucial intersections. If you don't believe the freeway and the other improvements have made a dramatic difference, you should have been in my office during the Phoenix Open. In past years, the phones rang all day long with calls from stranded drivers. This year, because of the freeway and the diligent work of our police and transportation staff, my office did not receive a single call about traffic – not one. My staff had the phones checked!

The success of the freeway has created other issues – most notably the issue of noise. Thanks to aggressive follow-up by Scottsdale, ADOT paved a one-mile stretch of the 101 with rubberized

asphalt to dampen noise for nearby residents. Tests of the material in Scottsdale and Tempe were so successful that former Governor Hull insisted on noise relief for a large portion of the Valley freeway system, including the Pima Freeway. As a member of the Maricopa Association of Governments board of directors, I am working with other mayors to move the paving ahead and give priority to residential neighborhoods, like those in Scottsdale, most affected by freeway noise.

Noise also has become a key issue for the aviation industry. Some folks have been critical of the Federal Aviation Administration's implementation of the Northwest 2000 plan for air traffic control in the Valley.

We have been taking several steps to deal with this issue. I have met numerous times with Sen. John McCain, the chairman of the Senate Commerce Committee. Senator McCain advised against joining lawsuits against the FAA and, instead, suggested that we take practical steps and take a regional perspective to address this issue. We have!

We negotiated directly with the FAA to modify its original plan. We are working to develop ways to effectively improve flight conditions near our airport. I have appointed a subcommittee of City Council members to work directly on the issues. We also will work at the regional, state and federal levels.

We have applied for a Part 150 Noise Study, to be funded by the FAA to study the noise contours surrounding the airport. Once complete, we plan to conduct a Part 161 Study, which is required to deal with Stage 2 aircraft with older and noisier engines.

On the MAG Board of Directors, I have proposed that we deal with this issue on a regional basis. I encourage support for a Regional Airspace Study for the Valley. It should be absolutely clear to everyone, that aircraft noise is an issue that does not respect municipal boundaries and requires regional cooperation and solutions.

PUBLIC SAFETY

A fifth issue I would like to touch on tonight is public safety.

I have the greatest respect for the men and women in our Scottsdale Police Department. These dedicated individuals put their lives on the line for us, every day. Their dedication has made Scottsdale one of the safest communities in the nation.

February 18 will be a significant day for public safety in Scottsdale. We will open the Scottsdale Family Advocacy Center. This one-stop center consolidates in one location the services needed by victims of domestic abuse in the Northeast Valley. Concerned police officers, prosecutors and social service professionals joined with us in the push for this center. It is a wonderful example of commitment of our Police Department and other city agencies to the best possible law enforcement and victim assistance services.

I have the same high level of respect for another group of men and women who provide quality service to help protect our community, – our firefighters.

This year, they will be able to reach many of our citizens more quickly. Two new fire stations are coming on board in the north area and should significantly reduce response times north of the Central Arizona Project canal.

Over the past eight months there has been a great deal of effort to put two fire service initiatives on the ballot. They would replace Rural/Metro with a municipal fire department. The City Council has approved a special election on May 20 to give this issue the attention it deserves. Scottsdale citizens have 3½ months remaining to study this issue and make an informed choice. At a time when our nation is reexamining its readiness in times of crisis, this election gives Scottsdale citizens a chance to understand how fire and emergency medical services are delivered. Citizens should question all sides.

Can Rural/Metro, our fire service for over 50 years, provide the levels of service we may desire in the future?

Which type of service would run more efficiently, a city-operated fire department or a private corporation?

What costs would be incurred in a transition from Rural/Metro to a municipal fire department and how would they be paid?

If we should decide to make the transition, what is the best timing?

Answers to these questions and others, I hope, will become clear as the issue is debated. The city will provide unbiased and factual information. I urge parties on both sides of this issue to do the same. I encourage all citizens to learn about this issue and then be sure to vote!

GOVERNANCE

The sixth issue on my list for 2003 is governance.

The City Council has recently appointed a task force, specifically to review the concept of a district system and its various forms. The task force will be asking for public input and I urge you to get involved and tell them about your ideas and concerns.

This is a great opportunity for Scottsdale citizens to look at district alternatives and understand how they could change city government. District supporters must demonstrate that a new system would be an improvement in representation and still retain a holistic, community perspective. Everyone should consider how a district system would serve Scottsdale years from now, when the city faces far different issues.

I have always believed that what matters most in an elected official is the quality of the individual, not his or her address. And so I would challenge everyone to ask this question: Which type of system will encourage Scottsdale's most capable and thoughtful leaders to seek office? I believe that question should be at the crux of our examination of any alternative to the current system.

BUDGET

The final issue I want to discuss tonight is the city budget. The city's projected gap between revenues and expenditures for the 2003/2004 budget now ranges from \$12 million to \$15 million. In response to this projected budget gap, city departments have been instructed to reduce their budgets using zero-based budgeting.

We took aggressive action early when we realized that the nation's economic slowdown could affect Scottsdale's budget. For the current 2002/03 fiscal year, we adopted a very conservative budget.

It is a testament to Scottsdale's strong fiscal management and the strength of our community that, even during such tough economic times, the city has been able to sustain our triple-A bond rating from all three major ratings agencies. We remain among a handful of cities across the nation with that distinction.

During this year's budget process, our fiscal acumen will be tested as never before.

We will need to make tough decisions on programs that may not register high enough on our "mission critical" list. We may also need to delay the construction of some facilities included in the 2000 bond program, in order to keep operating and maintenance expenses in line with revenues.

All of these challenges mean the search for common ground on the budget will be absolutely essential. How do we find it? A first step is to make sure our choices are clear. City staff already has been instructed to cut every non-essential expenditure and give us a zero-based budget.

Equally important, we have put together a true "program" budget this year, reflecting the dollars spent on each of the services provided by the city. This is a much more comprehensive approach to budgeting. It cuts across department lines and gives the Council and citizens a better understanding of the costs of each of the major services we deliver. The staff has identified close to 200 program areas in all.

While many cities are taking across-the-board cuts in all departments, we are taking a more strategic approach. We are reviewing each of our individual programs to determine which programs most effectively meet our community mission and goals and where cost reductions can be effectively made while still delivering high levels of service. In that effort, we must remain committed to those in our community who are in most need of our services.

One fundamental reason for the city's outstanding quality of life is that we expect city employees to apply the same level of innovation driving private firms to make a profit. Examples of Scottsdale's innovations are abundant.

We expect employees to continue coming forward with new cost-saving innovations. As Mayor, I will be establishing a new tradition. On the first Council meeting of each quarter I intend to honor employees or volunteers who bring cost-saving innovations to our city. These people deserve our recognition and our thanks!!

In Scottsdale we have a long tradition of citizen volunteers who bring a special enthusiasm to their work with the city. In 2002, volunteers contributed time and talent worth nearly \$2 million. We thank each of you for the generous donation of your time, and we are counting on this wonderful tradition to not only continue, but to grow.

Scottsdale has exercised great care in keeping its own fiscal house in order. But we are not immune from fiscal impacts caused by other levels of government. More than ever, voters should insist that their representatives at the state and federal levels oppose unfunded mandates, which pass the costs of new regulations on to local governments.

CALL TO ACTION

Throughout my State of the City speech tonight, I highlighted many of the steps we are taking to implement our vision for sustainable prosperity. Again this year, I am issuing a “call to action” to the residents of Scottsdale. Each year you have stepped up to the plate and helped us accomplish our goals. I call on you to embrace that “spirit of community” and support us in these important endeavors:

1. Achieve a breakthrough at Los Arcos!
2. Achieve the necessary compromises to bring the Waterfront development to fruition.
3. Complete the landscaping and beautification of the downtown canal bank and incorporate artistically designed canal bridges to support tourism and our downtown.
4. Expedite completion of the new Senior Center and ensure that the adjacent residential and retail component is compatible
5. Take advantage of our proximity to ASU and work to bring about new investment in the Scottsdale Road corridor.
6. Make the final decision March 17 to site a new aquatic center.
7. Protect the environment and quality of life on several fronts:
 - a. Continue acquisition of critical land for our Preserve
 - b. Protect public access to our preserve and reach an agreement to facilitate construction of our major Preserve Gateway
 - c. Plan for future funding sources to complete State Land acquisitions
 - d. Adopt a comprehensive trails plan
 - e. Implement the Scenic Corridor Plan
8. Seek out new partnerships in the public and private sectors to support the key elements of Scottsdale’s quality of life, just as we have done with both Taliesin West and the McDowell Sonoran Land Trust.
9. Balance the 2003/2004 budget in every sense of the word to ensure that “mission critical” programs continue to support Scottsdale’s quality of life for all residents.

Working together, in the spirit of partnership, there are no limits as to what we can accomplish here in Scottsdale. I will continue to work to forge agreements with my colleagues, finding common ground, and drawing people together as we tackle the challenges before us.

I call on my City Council colleagues – Council members Ecton, Littlefield, Lukas, O’Hearn, Ortega and Silverman -- to partner with me in this most important mission. I am confident, that together, we can deliver for this great city

I have great confidence in our future because throughout our history Scottsdale’s residents have demonstrated their ability to pull together for the good of the community.

I have great confidence in our future because we have a bold strategy to position Scottsdale for sustainable prosperity and we are working together to achieve our goals.

Let us heed the words of former President Ronald Reagan:

“Every new day begins with possibilities. It is up to (each of) us to fill each day with the things that move us toward progress and peace.”

Thank you for the support I know you will provide again this year, and may God Bless America!!!